

### Annual Management Report of Fund Performance

For the Year ended December 31, 2017

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements at no cost, by calling 1-888-549-6248, by writing us at Suite 600, 517 – 10th Avenue SW, Calgary, Alberta T2R 0A8, or by visiting our website at [www.mawer.com](http://www.mawer.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of the above noted methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

### Management Discussion of Fund Performance

#### Investment Objective and Strategies

The Mawer Balanced Fund (the "Fund") aims to protect and grow investors' capital through capital appreciation and the receipt of dividend and interest income. The Fund invests in treasury bills and commercial paper, corporate and government bonds, Canadian large and small capitalization stocks, and US and international equities.

The Manager examines current market statistics and makes an assessment of future outcomes based upon a probability-based scenario analysis. Using these techniques the Manager constructs the asset mix. Bonds are chosen with a view to the appropriate term, credit quality, and issuer depending upon the expected direction of interest rates, the interest rate spreads between different sectors of bonds, and the expected state of financial conditions for the issuer. In equities we search for wealth-creating companies whose equities can be purchased at a discount to their intrinsic value.

#### Risk

This Fund is suitable for investors seeking long-term growth and who have a moderate tolerance for risk. General risks of investing in this Fund are outlined in the Prospectus and include the possibility of reduction in value of any given investment, liquidity risk, interest rate risk, and currency risk amongst others. Since this Fund invests primarily in Series O units of other Mawer Mutual Funds there are two additional risks: multi-class risk and fund on fund risk.

The Manager limits the risk of investing in a single asset class by limiting the amount invested in equities in any one particular industry, and by limiting the percentage of the Fund that can be shifted in a single move from one asset class to another.

Given the difficulty in consistently predicting interest rate moves, we limit exposure to this risk factor. In setting policy, the Canadian bond portfolio's duration is set within 0.5 years on either side of the index, while the duration for the global bond portfolio has a maximum limit of 8 years. As of December 31, 2017, the Mawer Canadian Bond Fund's duration was 7.51 years compared to the

FTSE TMX Canada Universe Bond Index duration of 7.59 years. The duration of the Mawer Global Bond Fund was 3.77 years as of December 31, 2017. From an exposure perspective, the weight of the Canadian fixed income allocation within the Mawer Balanced Fund, decreased from 35.6%, at the start of the year, to 35.4%, at the end of December (these numbers include the Canadian treasury-bills held in other Mawer Funds). The weight of the global fixed income allocation within the Mawer Balanced Fund decreased to 2.0% at the end of December from 3.8% at the end of 2016 (these numbers include the US treasury-bills held in other Mawer Funds).

Over the year, the Fund's exposure to foreign equities (outside of Canada) increased to 44.5% from 42.9%. The Fund's equity holdings are in all 11 GICS sectors and are most heavily weighted to Financials (23.9% of the equity weight), Industrials (17.8%), and Information Technology (17.2%). The combined exposure of 58.9% of the equity weight to the top three sectors is up from the weight at the end of 2016.

#### Results of Operations

The Fund's net assets increased 21.5% to \$3,109.4 million from \$2,558.4 at the end of 2016. Of this change, \$271.0 million is attributable to positive investment performance and \$280.0 million was due to net contributions to the Fund.

The Fund's Series A units gained 10.0% (CAD, after management fees) in 2017 versus 8.4% for a blended benchmark that (at the beginning of 2017) consisted of: 5% FTSE TMX 91-day Treasury Bill Index; 30% FTSE TMX Canada Universe Bond Index, 5% Citi WGBI, 15% S&P/TSX Composite Index, 7.5% S&P/TSX Small Cap Index, 15% S&P 500 Index (CAD), 15% MSCI AWCI ex. US Index (net, CAD), and 7.5% MSCI AWCI Small Cap Total Return Index (CAD).

All asset classes within the Fund, with the exception of global fixed income, posted positive performance over the period. Equities drove the Fund's absolute performance with international equities, US equities, and global small cap equities being the top contributing asset classes. The Fund's Canadian content, both equity and fixed income, also contributed positively to performance, but to a lesser extent.

Security selection drove the Fund's relative performance over the period. Each equity asset class outperformed its respective benchmark in 2017, with the strongest contribution coming from outperformance of the Fund's international equities relative to the MSCI ACWI ex. US (Net) Index. In addition, outperformance of the Fund's global small cap equities relative to the MSCI ACWI Small Cap (Net) Index was also a strong contributor to the Fund's positive security selection. Asset allocation was positive over the period as the Fund benefitted from its overweight exposure to international equities, which was the strongest performing asset class in the Fund. The Fund also benefitted from its underweight exposures to Canadian small cap equities and global fixed income, as these were amongst the weakest performing asset classes in the Fund.

*1 On October 1, 2016 the Canadian Small Cap benchmark changed from the BMO Small Cap (Blended, Weighted) Index, to the S&P/TSX Small Cap Index*

## Mawer Balanced Fund

### Recent Developments

Central bankers in many advanced economies managed to prepare investors for a tightening path without spooking them. Despite steps to gradually tighten monetary policy, volatility in equities remained low. In October, the European Central Bank extended its asset purchase program until September 2018 but halved its monetary purchases. In November, after ten years of the same rate, the Bank of England raised its policy rate by 25 basis points to 0.50%. In December, the US Federal Reserve increased its benchmark rate from 1.25% to 1.50% as widely anticipated. Meanwhile, the Bank of Canada maintained the benchmark rate at 1.0%, having already hiked interest rates in Q3.

In the US, a new tax bill made its way through Congress. The legislation, which will bring the corporate tax rate down to 21% and allow a onetime repatriation of foreign profits for US companies, will represent the first major legislative victory for President Trump. This tax reform was seen as largely positive. Meanwhile, in the UK, Prime Minister Theresa May was able to break some ground in Brexit negotiations. Having agreed to the divorce bill, stalled negotiations were able to proceed. Discussions around Ireland also moved negotiations along. However, the Prime Minister suffered a defeat when the UK parliament passed a law that guarantees Parliament will get a “meaningful vote” on the final Brexit deal at the end of negotiations in 2019.

Sovereign yield curves in both Canada and the US flattened through the fourth quarter, which may limit the ability for policymakers to continue hiking rates in 2018. Without greater inflation or growth expectations, long-term yields are unlikely to move significantly higher, which may put market expectations in conflict with policymaker plans. Inflation in both countries has remained persistently below target of 2%.

From an asset mix perspective, we are maintaining a fairly neutral weight across cash, bonds and equities. We continue to monitor the market and re-allocate capital to where we are seeing better opportunities. Currently, we have a slight overweight allocation to equities. As long-term investors, it is important that we keep our focus on the long-run and maintain broadly diversified portfolios. The underlying philosophy and process at Mawer remains intact. The best defense is, as always, to buy wealth-creating companies, run by good people, at attractive valuations, and to build diversified portfolios out of them.

### Related Party Transactions – Management Fees

As Portfolio Advisor to the Fund, Mawer Investment Management Ltd. (“Mawer”) receives management fees which are calculated for the Series A Units as 0.78% per annum of the net asset value of the Fund calculated on a daily basis. Management fees for Series O Units are payable directly to the Manager by Series O investors and not by the Fund.

The terms of the Management Agreement were amended January 4, 1994, to grant the Manager of the Fund the ability, at their discretion, to reduce the management fees for large investors.

This reduction is effected by means of a management fee distribution and will be automatically reinvested in additional units of the Fund at the net asset value of the Fund on the date of distribution. Mawer also receives fees for performing administrative services. As at December 31, 2017 the Fund owes Mawer \$38,266 related to these administrative services.

### Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the past five years. This information is derived from the Fund’s audited annual financial statements which are prepared in accordance with IFRS.

#### The Fund’s Net Asset Value (NAV) per Unit

SERIES A	2017	2016	2015	2014	2013
Net Assets, beginning of year	25.89	25.38	23.42	21.14	17.79
<b>Increase (decrease) from operations:</b>					
Total revenue	0.57	0.55	1.30	0.50	0.46
Total expenses	(0.25)	(0.23)	(0.23)	(0.21)	(0.18)
Realized gains (losses) for the year	0.39	0.41	0.08	0.62	0.11
Unrealized gains (losses) for the year	1.85	0.12	1.16	1.64	3.26
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>2.56</b>	<b>0.85</b>	<b>2.31</b>	<b>2.55</b>	<b>3.65</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.22)	(0.20)	(0.14)	(0.27)	(0.24)
From dividends	(0.10)	(0.08)	(0.13)	-	-
From capital gains	-	-	(0.24)	-	-
Return of capital	-	-	-	-	-
<b>Total Distributions<sup>2</sup></b>	<b>(0.32)</b>	<b>(0.28)</b>	<b>(0.51)</b>	<b>(0.27)</b>	<b>(0.24)</b>
<b>Net Assets, end of year</b>	<b>28.17</b>	<b>25.89</b>	<b>25.38</b>	<b>23.42</b>	<b>21.14</b>

SERIES O	2017	2016	2015	2014	2013
Net Assets, beginning of year	25.63	25.14	23.35	21.06	17.72
<b>Increase (decrease) from operations:</b>					
Total revenue	0.56	0.52	1.13	0.47	0.42
Total expenses	-	-	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the year	0.38	0.39	0.08	0.59	0.10
Unrealized gains (losses) for the year	1.84	0.15	1.46	1.69	3.26
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>2.78</b>	<b>1.06</b>	<b>2.66</b>	<b>2.74</b>	<b>3.77</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.38)	(0.38)	(0.28)	(0.46)	(0.40)
From dividends	(0.17)	(0.15)	(0.26)	-	-
From capital gains	-	-	(0.36)	-	-
Return of capital	-	-	-	-	-
<b>Total Distributions<sup>2</sup></b>	<b>(0.55)</b>	<b>(0.53)</b>	<b>(0.90)</b>	<b>(0.46)</b>	<b>(0.40)</b>
<b>Net Assets, end of year</b>	<b>27.89</b>	<b>25.63</b>	<b>25.14</b>	<b>23.35</b>	<b>21.06</b>

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year.

(2) Distributions were reinvested in additional units of the Fund.

## Mawer Balanced Fund

### Ratios and Supplemental Data

SERIES A	2017	2016	2015	2014	2013
Net Assets (000's) <sup>1</sup>	2,389,309	1,944,875	1,501,477	969,299	657,466
Number of units outstanding (000's) <sup>1</sup>	84,821	75,107	59,167	41,379	31,107
Management expense ratio <sup>2</sup>	0.92%	0.94%	0.94%	0.96%	0.96%
Management expense ratio before waivers or absorptions	0.92%	0.94%	0.94%	0.96%	0.96%
Portfolio turnover rate <sup>3</sup>	2.03%	0.23%	0.89%	6.17%	0.62%
Trading expense ratio <sup>4</sup>	0.03%	0.03%	0.03%	0.04%	0.03%
Closing market price or pricing NAV, (if applicable)	28.17	25.89	25.38	23.42	21.14

SERIES O	2017	2016	2015	2014	2013
Net Assets (000's) <sup>1</sup>	720,141	613,552	542,413	490,849	423,246
Number of units outstanding (000's) <sup>1</sup>	25,819	23,937	21,576	21,019	20,095
Management expense ratio <sup>2</sup>	0.03%	0.04%	0.05%	0.07%	0.08%
Management expense ratio before waivers or absorptions	0.03%	0.04%	0.05%	0.07%	0.08%
Portfolio turnover rate <sup>3</sup>	2.03%	0.23%	0.89%	6.17%	0.62%
Trading expense ratio <sup>4</sup>	0.03%	0.03%	0.03%	0.04%	0.03%
Closing market price or pricing NAV, (if applicable)	27.89	25.63	25.14	23.35	21.06

- (1) This information is provided as at December 31 of the year shown, as applicable.
- (2) Management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during the year.
- (3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.

### Past Performance

Sales commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the Prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any investor that would have reduced returns. Mutual funds are not guaranteed. Their value changes frequently and past performance may not be repeated.

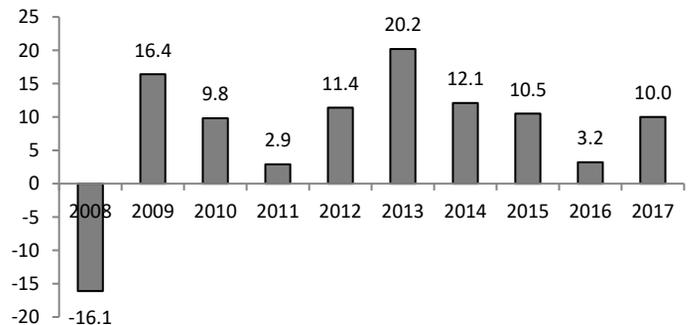
The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gains or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

The past performance of the Fund is set out in the following charts.

#### Year-by-Year Returns

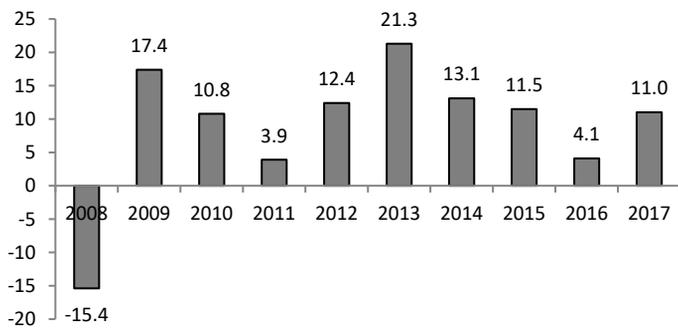
The bar charts below show the Fund's annual performance in each of the past 10 years to December 31, 2017. The charts show in percentage terms how an investment made on January 1 would have increased or decreased by December 31 of the fiscal year.

#### Series A



## Mawer Balanced Fund

### Series O



Series O start date was July 4, 2006.

### Annual Compound Returns

The following table shows the historical annual compound total return of the Fund for the periods shown ending on December 31, 2017. The annual compound total return is also compared to the Internal Balanced Benchmark (IB Benchmark) calculated on the same compound basis. All index returns are calculated in Canadian dollars on a total return basis, meaning that all distributions are reinvested.

	Series A units (%)	Series O units (%)	Internal Balanced Benchmark (%)
One Year	10.0	11.0	8.4
Three Years	7.8	8.8	7.3
Five Years	11.1	12.1	9.2
Ten Years	7.6	8.5	6.1

\* Series O start date was July 4, 2006.

The Internal Balanced Benchmark (IB Benchmark) is a benchmark prepared by the Manager and is designed to reflect the average asset mix of a universe of balanced fund managers which consists of the FTSE TMX 91-day T-Bill Index (5%); FTSE TMX Canada Universe Bond Index (35%), index designed to reflect the Canadian bond market; S&P/TSX Composite Index (15%), index designed to represent the Canadian mid-large cap equity market; S&P/TSX Small Cap Index (7.5%), index designed to represent the Canadian small cap equity market; S&P 500 Index (15%), index designed to represent the US equity market; Morgan Stanley Capital International All Country World (ex. US) (Net) Index (15%), index designed to reflect international stock markets; and Morgan Stanley Capital International All Country World Small Cap Index (Net) (7.5%), index designed to represent the global small cap equity market.

### Summary of Investment Portfolio

A summary of the Fund as at December 31, 2017 is as follows:

	%
Cash	0.0
<b>Total cash</b>	<b>0.0</b>
Treasury bills	3.9
Mutual Funds	0.1
<b>Total short-term</b>	<b>4.0</b>
<b>Fixed Income</b>	<b>32.0</b>
<b>Equities</b>	
Canadian equities (large cap)	14.5
Canadian equities (small cap)	3.6
U.S. Equities	19.2
International equities	19.4
Global equities (small cap)	7.4
<b>Total equities</b>	<b>64.0</b>
<b>Total portfolio</b>	<b>100.0</b>

Totals may not add to 100% due to rounding.

The following table lists the largest holdings of the Fund as at December 31, 2017.

Issuer	Percentage of Transactional Net Asset Value
Mawer Canadian Bond Fund 'O'	29.7%
Mawer International Equity Fund 'O'	19.4%
Mawer U.S. Equity Fund 'O'	19.2%
Mawer Canadian Equity Fund 'O'	14.5%
Mawer Global Small Cap Fund 'O'	7.4%
Mawer New Canada Fund 'O'	3.5%
Mawer Global Bond Fund 'O'	2.3%

The investments and percentages may have changed by the time you purchase units of this fund. The top holdings are made available quarterly, 60 days after quarter-end and may be obtained by contacting your registered representative or by contacting Mawer toll-free at 1-888-549-6248 or by email at [info@mawer.com](mailto:info@mawer.com).